

Amend Government Code Sections 15640, 15642, and 15643, related to the Assessment Practices Survey Program, to allow the BOE to evaluate more thoroughly the state's largest counties.

Source: Property and Special Taxes Department

Existing law. Chapter 2, "Surveys of Local Assessment Practices" commencing with Government Code Section 15640, outlines the Boards duties as state overseer of the local property tax assessment function. Every five years, Government Code Section 15640 requires the BOE to survey the assessment practices of each county assessor's office. Government Code Section 15643 requires the survey to include a representative sampling of assessments in San Francisco and the ten counties with the largest value of locally assessed property: Alameda, Contra Costa, Los Angeles, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Mateo, and Santa Clara. Additionally, surveys for 15 other counties must also include a sampling of assessments. Those counties are randomly selected.

Government Code Section 15640 allows the BOE to conduct statewide surveys of specific topics, issues, or problems. For example, most recently the BOE conducted a Change in Ownership and New Construction Special Topic Survey.

Proposed Law. This proposal amends various provisions of Chapter 2 to increase flexibility in administering the local assessment practices survey program. The flexibility allows the BOE to more thoroughly review selected counties and to conduct other activities that achieve greater assessment uniformity among the counties. Specifically, this proposal deletes the requirement to survey every county on a five-year cycle. Instead, San Francisco, the ten largest counties, and fifteen other randomly selected counties would be surveyed.

Background. From time to time, the Assessment Practices Survey Program is retooled to ensure its effectiveness. The current pace necessary for the staff to audit every county every five years can result in cursory reviews with a narrow focus. Further, after several rounds of surveys, the BOE typically does not find significant deviations in assessment practices, leading to repetitive recommendations on technical deficiencies that are narrow in scope.

The proposal reduces repetitive elements of the current program by eliminating the requirement to survey every county. Conducting fewer surveys allows the staff to delve into new areas and investigate others more meticulously. For example, the BOE could review more comprehensively a county's control procedures and evaluate the checks and balances in the system to ensure the integrity of the assessment process.

This proposal would not change the frequency of reviews for the ten largest counties and cities and counties. This ensures the BOE reviews approximately 76 percent of the total assessment roll in California. With respect to the other counties, the prospect of random selection introduced in the last program retooling related to sampling has proven to work well.

While the individual surveys of any particular county can be useful, they are not as productive in achieving statewide uniformity as other pursuits. For example, statewide surveys on specific topics more efficiently uncover discrepancies among the counties.

These special topic surveys then provide a fact-driven foundation for identifying and developing needed guidelines, regulations, or law changes. Also, the increased flexibility allows for targeting emerging assessment issues that lack guidance. Finally, more resources would be available for training and education of existing staff to better promote uniformity and consistent assessment practices in the counties.

The Legislature has not changed the program for 17 years. Staff reviewed the existing program and proposes these changes which would: (1) allow for a more thorough survey of county assessor's offices; and (2) allow the BOE to conduct activities that achieve, greater statewide uniformity in assessment practices, a significant benefit for property owners at no additional cost.

This proposal amends Chapter 2 of Part 9 "Surveys of Local Assessment Procedures" commencing with Government Code 15640 as follows:

Section 1. The Legislature finds and declares all of the following:

Existing law requires resources to be expended on evaluating every county, and city and county regardless of the size of the assessment roll or a history of erroneous assessment practices.

Eliminating the requirement to survey each county and city and county will provide additional resources. These resources will result in more thorough reviews of assessment practices in those counties surveyed.

Furthermore, the resulting resources will be used to conduct limited scope surveys on specific topics that achieve, for the same amount of cost, greater statewide uniformity.

Therefore this act furthers the purpose of promoting statewide uniformity in property assessment practices.

Government Code Section 15640 is amended to read:

15640. (a) The State Board of Equalization shall make surveys ~~in each of a~~ county and city and county pursuant to subdivision (b) of Section 15643 to determine the adequacy of the procedures and practices employed by the county assessor in the valuation of property for the purposes of taxation and in the performance generally of the duties enjoined upon him or her.

(b) The surveys shall include a review of the practices of the assessor with respect to uniformity of treatment of all classes of property to ensure that all classes are treated equitably, and that no class receives a systematic overvaluation or undervaluation as compared to other classes of property in the county or city and county.

(c) The surveys may include a sampling of assessments from the local assessment rolls. Any sampling conducted pursuant to subdivision (b) of Section 15643 shall be sufficient in size and dispersion to insure an adequate representation therein of the several classes of property throughout the county.

(d) In addition, the board may periodically conduct statewide surveys limited in scope to specific topics, issues, or problems requiring immediate attention.

(e) The board's duly authorized representatives shall, for purposes of these surveys, have access to, and may make copies of, all records, public or otherwise, maintained in the office of any county assessor.

(f) The board shall develop procedures to carry out its duties under this section after consultation with the California Assessors' Association. The board shall also provide a right to each county assessor to appeal to the board appraisals made within his or her county where differences have not been resolved before completion of a field review and shall adopt procedures to implement the appeal process.

(g) The additional resources made available by the act that added this subdivision shall be used for purposes of this chapter and for no other purpose. Among other things, the resources may be used to:

(1) Conduct more thorough reviews of the assessment procedures and practices in any county or city and county surveyed.

(2) Conduct statewide surveys limited in scope to specific topics, issues, or problems pursuant to subdivision (d).

Government Code Section 15642 is amended to read:

15642. The board shall send members of its staff to the several counties and cities and counties of the state for the purpose of conducting that research it deems essential for the completion of a survey report pursuant to Section 15640 ~~with respect to each county and city and county.~~ The survey report shall show ~~the volume of assessing work to be done as measured by the various types of property to be assessed and the number of individual assessments to be made, the responsibilities devolving upon the county assessor, and the extent to which assessment practices are consistent with or differ from state law and regulations~~ and the control procedures instituted to ensure the integrity of the assessment process. The report may also show the volume of assessing work to be done as measured by the various types of property to be assessed and the number of individual assessments to be made, the responsibilities devolving upon the county assessor, ~~and the county assessor's requirements for maps, records, and other equipment and supplies essential to the adequate performance of his or her duties, the number and classification of personnel needed by him or her for the adequate conduct of his or her office, and the fiscal outlay required to secure for that office sufficient funds to ensure the proper performance of its duties.~~

Government Code Section 15643 is amended to read:

15643. (a) The board shall proceed with the surveys of the assessment procedures and practices in the several counties and cities and counties pursuant to subdivision (b) as rapidly as feasible, and shall repeat or supplement each survey at least once in five years. ~~The board may conduct additional surveys, samples, or other investigations of any county or city and county as it deems necessary.~~

(b) The board shall survey the 10 largest counties and cities and counties and shall repeat or supplement the survey at least once every five years. The surveys of the 10 largest counties and cities and counties shall include a sampling of assessments on the local assessment rolls as described in Section

15640. In addition, the board shall each year, in accordance with procedures established by the board by regulation, select at random at least three of the remaining counties or cities and counties for survey, and conduct a sample of assessments on the local assessment roll in those counties. ~~If the board finds that a county or city and county has "significant assessment problems," as provided in Section 75.60 of the Revenue and Taxation Code, a sample of assessments will be conducted in that county or city and county in lieu of a county or city and county selected at random.~~ The 10 largest counties and cities and counties shall be determined based upon the total value of locally assessed property located in the counties and cities and counties on the lien date that falls within the calendar year of 1995 and every fifth calendar year thereafter.

(c) The statewide surveys which are limited in scope to specific topics, issues, or problems may be conducted whenever the board determines that a need exists to conduct a survey.

(d) When requested by the legislative body or the assessor of any county or city and county to perform a survey not otherwise scheduled, the board may enter into a contract with the requesting local agency to conduct that survey. The contract may provide for a board sampling of assessments on the local roll. The amount of the contracts shall not be less than the cost to the board, and shall be subject to regulations approved by the Director of General Services.

(e) If the board finds that a county or city and county has "significant assessment problems," as provided in Section 75.60 of the Revenue and Taxation Code, a sample of assessments will be conducted in that county or city and county.